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SUBJECT: KADIMA: FORWARD -- ON YOUR MARK, GET SET...

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SUMMARY AND INTRODUCTION

¶1. (SBU) Olmert recently reiterated his July 30 commitment to resign from the office of Prime Minister after the Kadima primaries for party leader, clarifying that he will do so "immediately" to enable the elected candidate to form a new government. The first round of voting gets under way in less than 24 hours, and will conclude at 2000 (local time) on September 17. Although polls favor Livni, most observers and political insiders continue to believe the race will be very close. Definitive results are not expected earlier than the morning of September 18. While the candidates are seized with the logistics of getting out the vote (low turnout may favor Mofaz; high turnout may favor Livni), Olmert is the beneficiary of a moment of grace. On September 14, Olmert chaired what may have been his last cabinet meeting as the Kadima Party leader, which was followed on September 15 by his "last appearance" before the Knesset's Foreign Affairs and Security Committee. Free of party political restraints, he is speaking out on policy, wrapping up loose ends, and laying down markers for the political transition that lies ahead. Olmert will remain the caretaker prime minister until a new government is formed.

THE RESIGNATION SCENARIO

¶2. (SBU) When the Kadima polls close on Wednesday evening the winner will need to have 40 percent of the turnout to claim the party leadership and the succession to the premiership. If not, a second round of voting will be held on September 24th. In either scenario, PM Olmert cannot make good on his July 30th promise to clear the way for his successor in a timely manner until a new government is in place. Only in the most seamless scenario following a first-round primary winner and the current coalition's agreement to remain in power could a new government headed by the new Kadima leader be formed before the start of the Jewish High Holidays at the end of September. This leaves Olmert at the helm for that period (or, more likely, until after the Knesset reconvenes at the end of October), and possibly into next year unless he is declared or declares himself incapacitated. Olmert's associates continue to tell the press that he does not intend to do so.

¶3. (SBU) Olmert has assiduously ignored calls from both the political right and left to declare himself incapacitated. MKs Gal-On and Eldad, of the Meretz and National Union parties respectively, reiterated such demands over the past year to no effect. Olmert, the pundits said, would not oblige because it would mean that Tzipi Livni would automatically take over as Acting Prime Minister. The only authority empowered to declare Olmert incapacitated, the Attorney General, is clearly unwilling to do so, despite the recommendations of the police that Olmert be indicted.

¶4. (SBU) Some media reports have speculated that Olmert could also resign his seat in the Knesset, leaving the impression that such a move would hasten the PM's departure since the head of government is

required to be a serving member of the Knesset. In fact, this (unprecedented) move would not change the transition scenario: Olmert would remain caretaker prime minister until a new government is formed. Other arguments against resignation from the Knesset by the Prime Minister include the loss of parliamentary immunity and the loss of parliamentary benefits.

WHAT OLMERT KNEW WHEN HE MADE HIS PLEDGE

15. (SBU) The remaining resignation scenario is the one PM Olmert detailed on May 8th when he declared that despite the fact that the law does not require it, he would be ready to resign "immediately," if indicted by the Attorney General (ref B). A seasoned lawyer and veteran politician, Olmert knew then that the likelihood of an indictment preceding a transition to a new administration, with or without early elections, would be slender indeed. The Israel Police have only recently submitted their recommendations in two of the investigations against him. Olmert is well-versed in the workings of the State Attorney's office, which is not known for its alacrity in filing charges -- least of all when they involve the senior political echelon.

A CHANGE OF SCHEDULE

16. (SBU) Olmert is leaving the political echelon guessing as to just when he will depart the arena but some preparations are unavoidable. A trip to Russia scheduled to take place the week of September 15 was postponed. The anticipated participation of the

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prime minister in the UN General Assembly and meetings with high-level foreign dignitaries there will also not take place. Olmert has asked President Shimon Peres to travel to New York and address the UNGA on September 24th.

OLMERT'S UNFINISHED BUSINESS

17. (SBU) PM Olmert's original political agenda, as laid out in a Knesset speech in early May 2006, is still far from complete. Olmert, who became acting prime minister upon the incapacitation of Ariel Sharon, viewed his mission -- following his election in March 2006 -- as the implementation of Sharon's disengagement doctrine. Addressing what the pundits chose to term "his final cabinet meeting" (as Kadima Party leader and before he becomes a caretaker prime minister) on September 14, in which voluntary evacuation and compensation for West Bank settlers was discussed, Olmert restated the Sharon doctrine with unprecedented bluntness: "Greater Israel is finished. There's no such thing. Whoever talks this way is deluding himself...The strategic threats against us are not derived from the question of where the border passes."

18. (U) A leading commentator, Aluf Benn of Ha'aretz, noted that Olmert's tone and substance was identical to his May 2006 Knesset speech, in which he presented his government and cautioned that "continued dispersed settlement throughout Judea and Samaria creates an inseparable mixture of populations which will endanger the existence of the State of Israel as a Jewish state." In fact, Olmert's track record for consistent thinking on disengagement goes back three years earlier to the now-forgotten Olmert Plan of December 2003. In it he advocated large-scale withdrawal from the West Bank and Gaza Strip in advance of Ariel Sharon's unveiling of his own Disengagement Plan at the Herzliya Conference later the same month.

SEE HOW THEY RUN

19. (SBU) With only hours to go to the opening of the polls, all four candidates are focused on how to get the seventy thousand

Kadima Party voters to the ballot. Front-runner Tzipi Livni had to refute charges of anti-Sephardic prejudice arising out of comments by an aide who chose to refer to rival Mofaz supporters in politically incorrect language. Iranian-born Shaul Mofaz chose to hit back with an extraordinarily precise prediction that he would claim the leadership by taking 43.7 percent of the vote in the first round. The figure, reportedly based on polling by Mofaz advisor Arthur Finkelstein, deviates dramatically from the most recent polls (Maariv and Yediot) which put Mofaz at 32 percent behind Livni's 47 percent. Most of our political contacts agree, however, that polls of the Kadima electorate are not reliable indices - particularly as this will be the first primary of the party, whose make-up is new and untested in internal elections. They assess that heavy turnout will benefit Livni, while Mofaz, who benefits from a more organized political machine, will triumph if Kadima turnout is low.

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